

Message Text

CONFIDENTIAL

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ACTION SS-25

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C O N F I D E N T I A L LA PAZ 4356

EXDIS

E.O. 11652: GDS
TAGS: PINT, BL
SUBJECT: UPCOMING DECISION ON VEHICLE ASSEMBLY: ATTEMPTED
BRIBERY

1. AS DEPARTMENT IS AWARE, PRESIDENT BANZER IS PRESSING TO AWARD A CONTRACT SOONEST TO THE FOREIGN FIRM OR FIRMS THAT WILL ASSEMBLE LIGHT TRUCKS, AND SOME OTHER VEHICLES, IN BOLIVIA, UNDER THE ANDEAN PACT'S DIVISION OF LABOR. BANZER HAS HOPES OF SPLASHING A BOTTLE OF CHAMPAGNE OVER THE FIRST VEHICLE ASSEMBLED IN BOLIVIA, BEFORE HE LEAVES OFFICE AUGUST 9. WE HAVE RECOGNIZED THE GREAT RISKS OF FUNNY BUSINESS WHEN SUCH A BIG-MONEY DECISION IS MADE DURING THE POLITICAL CRAZY SEASON. THEREFORE, WE HAVE STAYED VERY CLOSE TO THIS DECISION AND TO CHRYSLER, THE ONLY AMERICAN FIRM IN THE FINAL COMPETITION.

2. TODAY THE LOCAL CHRYSLER REP TOLD ME THAT CHRYSLER HAD BEEN ASKED BY THE UNDER SECRETARY OF INDUSTRY TO PAY \$1 MILLION TO HIM "FOR THE CAMPAIGN OF GENERAL PEREDA," IMPLYING THAT THE FINAL RECOMMENDATIONS GOING TO PRESIDENT BANZER MIGHT BE CHANGED IF THIS "CONTRIBUTION" WERE NOT MADE. ACCORDING TO CHRYSLER REP, WHO REFUSED TO MAKE ANY PAYMENT, MERCEDES BENZ AND RENAULT HAVE RECEIVED SIMILAR DEMANDS.

3. I IMMEDIATELY CALLED ARMY COMMANDER GENERAL VILLALPANDO
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TO TELL HIM I WAS VERY UPSET BY THE REPORT I HAD HEARD. I TOLD VILLALPANDO THAT IT WAS THE ARMED FORCES, THROUGH THEIR DIRECT PARTICIPATION IN THE VEHICLE PROJECT AND AS THOSE RESPONSIBLE FOR THE GOVERNMENT UNTIL AUGUST 9, WHO WERE GOING TO HAVE TO JUSTIFY THE CONTRACT AWARD TO THEMSELVES AND THE BOLIVIAN PUBLIC. I FELT CERTAIN, THEREFORE, THE ARMED FORCES AND GENERAL VILLALPANDO WOULD WANT TO ASSURE THAT THE DECISION

WAS A TOTALLY OBJECTIVE ONE BASED ONLY ON THE ECONOMIC CHARACTERISTICS OF THE FOUR FIRMS' PROPOSALS IN RELATION TO THE INTERESTS OF BOLIVIA. THE GENERAL, IN A VERY GUARDED RESPONSE, SAID HE WAS GLAD I HAD CONFIDED IN HIM AND HE WOULD LOOK INTO THIS IMMEDIATELY.

4. I ALSO CALLED GENERAL PEREDA SINCE I FEEL THERE IS A GOOD CHANCE HE KNEW NOTHING OF THE BRIBE REQUESTED IN HIS NAME AND MAY NEVER RECEIVE THE MONEY IF ANY OF THE FOREIGN FIRMS PAY. PEREDA SOUNDED SINCERELY SHOCKED AND OPINED THAT SOME GREEDY BUREAUCRAT WAS RISKING A SCANDAL AT PEREDA'S EXPENSE THAT COULD TARNISH HIS CAMPAIGN. HE SAID HE WOULD TALK TO BANZER TO TRY TO PUT A STOP TO THIS. AS I HAD WITH VILLALPANDO, I STRESSED THAT A DECISION BASED ON THE BASIS OF BRIBERY WAS GOING TO BE A THORN IN OTHERWISE SMOOTH US-BOLIVIAN RELATIONS (IN CASE HE WANTED TO PASS THAT ON).

5. I WILL WATCH THIS MATTER VERY CLOSELY, SINCE A DECISION IS EXPECTED BY THE WEEK END. NEEDLESS TO SAY, THE FRENCH AND GERMAN AMBASSADORS KNOW NOTHING ABOUT THIS SITUATION. BOEKER

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